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ON PAGE A1

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Goldwater, Citing Hugel CIA's Casey Should

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Sen. Barry Goldwater, chairman of the Senate Intelligence Committee, said last night that CIA Director William J. Casey should resign because Max Hugel, his former clandestine service chief, was unqualified for the job and was forced to quit because of a financial scandal.

Goldwater, speaking at a hastily called news conference in the Capitol, severely criticized Casey's judgment in the appointment of Hugel, a former campaign aide, as the CIA's deputy director of operations, one of the most sensitive jobs in the government.

"That he appointed an inexperienced man to be in effect the nation's top spy was bad

enough," the Arizona Republican said. "I must say that as a person with a long involvement with intelligence matters that it was a very bad mistake and I might even say dangerous because he is the man in charge of clandestine activities."

"That in itself constitutes the worst thing Casey has done," Goldwater said.

Goldwater called the news conference to deny a CBS News report that he had privately told Casey that it would be best for him to step down. But before it was over, Goldwater acknowledged repeatedly that he personally thought the Hugel appointment sufficient cause "for either Mr. Casey to decide to retire or for the president to ask him to retire."

Goldwater also made these points:

- The committee is investigating some apparent "inconsistencies" and discrepancies in Casey's various accounts of his involvement in a New Orleans agribusiness firm, Multiponics, Inc.

"I believe he's made the statement that he lost \$150,000. We have been told he made over \$750,000," Goldwater said.

- Committee investigators assigned last week to delve into Casey's activities have "some suspicion" that there are missing records but Goldwater refused to elaborate.

- The Senate panel intends to carry the investigation as far as it can, but may have to turn it over to the attorney general and perhaps the FBI.

While Goldwater repeatedly said that decision on Casey is for the president to make, his criticisms of Casey last night were a serious erosion of the CIA director's support on Capitol Hill where he had spent the afternoon in private visits to senators, trying to shore up his position.

Hugel, whose lack of experience was roundly criticized by intelligence professionals when Casey appointed him, resigned last week hours after the publication of charges of two former stockbrokers who accused Hugel of conspiring with them to improperly boost the stock of Hugel's firm, Brother International Corp. The stockbrokers, Thomas R. McNell and his brother, Samuel F. McNell, alleged that Hugel secretly supported their efforts to illegally boost trading in Brother's stock by leaking them confidential insider information.

Despite these views, Goldwater said he saw no sign that President Reagan shared them. "I'll wait till he asks me," he said.

Aside from the Hugel episode, Casey's growing difficulties on the Hill stem from his own business ventures, such as his role in Multiponics, the large-scale farming operation that went bankrupt in 1971 and has been the subject of two adverse court rulings in the last year.

Both of those rulings have portrayed Multiponics officers and directors, Casey among them, as deceptive and self-serving businessmen who drove the company into debt and misled investors in a \$3.5 million fund-raising effort.

Goldwater said it appeared from "information that sort of dribbled through" to committee investigators thus far "that the statements he [Casey] made to us [about Multiponics] were not complete."

In a related matter, the list of legal clients that Casey submitted under the Ethics in Government Act at the time of his CIA appointment may also have been incomplete.

In one instance, Casey represented a New Jersey waste disposal firm with alleged ties to organized crime several years ago in an unsuccessful effort to head off SEC action

lawyers on the firm's behalf in 1977 while he was affiliated with the New York-based law firm of Rogers & Wells.

When Casey was nominated to be CIA director earlier this year, he did not disclose that he had a client relationship with the firm, even though a confidential Rogers & Wells memorandum indicates that the law firm was still representing SCA Services in August, 1980.

Casey's requirement for disclosure hinges, according to Office of Ethics chief J. Jackson Walter, on whether Casey was still personally involved in the representing the company during the past two years and whether his services accounted for \$5,000 or more in legal fees he received in either of those years.

Casey was not available for comment.

Details about Casey's involvement with the waste disposal firm, several of whose officers have been convicted on criminal charges for allegedly looting the firm's assets, were provided by Peter M. Sullivan, a former staff lawyer at the SEC. Although now minority counsel to the Senate Select Committee on Intelligence, Sullivan was speaking as a former SEC official.

"As I recall it, they made a big pitch for us not to sue," said Sullivan, who supervised the investigation of SCA Services. He said Casey "came in out of the blue" to back up other Rogers & Wells lawyers defending SCA against allegations that some of its officers had diverted nearly \$4 million in company funds for personal use.

Casey argued that "we're a good company, we're cleaning ourselves up. . . . He was supposed to be the show dog to come in and clear it all up," Sullivan said.

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